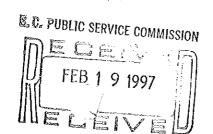
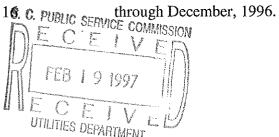
### DIRECT TESTIMONY



## KEVIN B. CARDWELL



- 1 Q. Please state your name and business address.
- 2 Kevin B. Cardwell, 411 Fayetteville Street Mall, Raleigh, North Carolina. A.
- 3 Q. What is your position with Carolina Power & Light Company?
- I am the Manager Fossil Fuel Department in the Power Operations Group. 4 A.
- 5 Q. Please state your educational background and experience.
- I have an MBA degree from the University of Louisville and a B.S. degree in 6 A. Commerce from the University of Louisville. From 1974 until early 1993, I was with 7 8 Louisville Gas and Electric Company (LG&E), a public utility. I held various 9 positions at LG&E, last as Manager-Coal Supply Department. From early 1993 to mid 1996, I formed and operated Strategic Energy Services, Inc., a management 10 11 consulting firm for fuel and transportation procurement/management. I joined 12 Carolina Power & Light in mid 1996 as Manager - Fossil Fuels.
- What is the purpose of your testimony? 13 Q.
- 14 A. The purpose of my testimony is to show the reasonableness of the Company's fossil 15 fuel purchasing practices and to present fuel cost data for the period January, 1996



1	Q.	During the period January, 1996 through December, 1996, how much coal did the
2		Company have under contract, and what were the spot coal requirements for this
3		period?
4	Α.	The Company had contracts for 7,427,600 tons of coal for shipment from January
5		1996 through December, 1996 and spot orders for 3,558,306 tons of coal for the
6		same period.
7	Q.	How much contract coal and spot coal did the Company receive from purchase orders
8		issued during the test period?
9	A.	The Company received 7,124,610 tons of contract coal at an average cost of
10		182¢/MBtu and 3,486,004 tons of spot coal at an average cost of 146¢/MBtu.
11		Cardwell Exhibit 1 is a chart summarizing the results of purchase orders for
12		January 1996 through December 1996.
13	Q.	What was the Company's inventory of coal at the end of December 1996?
14	A.	The coal inventory as of December 31, 1996 was 1,306,661 tons, which would
15		provide about 32 days' generation based on an 85 percent fossil steam capacity
16		factor.
17	Q.	Please describe Cardwell Exhibit No. 2.
18	A.	Cardwell Exhibit No. 2 shows the quality of coal received each month during the
19		period.
20	Q.	What was the average nuclear fuel cost for the generation of electricity during the
21		period January 1996 through December 1996?
22	A.	The average cost of nuclear fuel consumed in the generation of electricity during that

23

period was 45¢/MBtu.

1	Q.	During the period January 1996 through December 1996, how many gallons of No.
2		2 fuel oil did the Company receive and at what cost?
3	A.	The Company received a total of 11,284,723 gallons of No. 2 fuel oil at an average
4		of 66¢/gallon (475¢/MBtu) for that period.
5	Q.	What was the Company's closing oil inventory on December 31, 1996?
6	A.	The Company's closing oil inventory on December 31, 1996 was 5,585,746 gallons
7		of No. 2 fuel oil.
8	Q.	During the period January 1996 through December 1996, how many gallons of
9		propane did the Company receive and at what cost?
10	A.	The company did not receive any propane during that period.
11	Q.	What was the Company's closing propane inventory on December 31, 1996?
12	A.	The Company's closing propane inventory on December 31, 1996 was 657,099
13		gallons.
14	Q.	How much natural gas did the Company burn during the period January, 1996
15		through December 1996?
16	A.	The Company burned 561,756 MCF of natural gas for the period at a cost of
17		336¢/MBtu.
18	Q.	Were the inventory levels maintained during the test period appropriate and were
19		your fuel procurement practices reasonable and prudent?
20	A.	Yes. The inventory levels ensured an adequate supply of fuel to meet our customers'
21		electrical requirements during this period and the fuel was secured at a reasonable

cost utilizing prudent procurement practices and procedures.

22

- 1 Q. Does this conclude your testimony?
- 2 A. Yes, it does.

## CAROLINA POWER & LIGHT COMPANY

# ANALYSIS OF COAL PURCHASES FOR JANUARY 1996 THROUGH DECEMBER 1996

_			T	1
	Cost c/MBtu	50.	1.27	02.
VARIANCE	Quality Btu/Pound	62	21	34
VAR	Price \$/Ton	.18	.38	.26
	Tonnage	(72,302)	(302,990)	(375,292)
	Cost ¢/MBtu	145.79	182.19	170.23
RECEIVED	Quality Btu/Pound	12,345	12,366	12,359
RECI	Price \$/Ton	23.73	34.59	31.02
	Tomage	3,486,004	7,124,610	10,610,614
	Cost c/MBtu	145.74	180.92	169.53
RED	Quality Btu/Pound	12,283	12,345	12,325
ORDERED	Price \$/Ton	23.55	34.21	30.76
	Tonnage	3,558,306	7,427,600	10,985,906
		Spot	Contract	Total

Data as of January 21, 1997

## CAROLINA POWER & LIGHT COMPANY ANALYSIS OF QUALITY OF FUEL AS RECEIVED

Month (a)	Type (b)	Percent Moisture (c)	Percent Ash (d)	Percent Sulfur (e)	Btu/Pound (f)
January 1996	Contract Coal	6.86	10.81	.85	12,615
	Spot Coal	7.03	9.56	1.07	12,403
February 1996	Contract Coal	6.11	10.91	.84	12,452
	Spot Coal	6.69	10.17	1.00	12,428
March 1996	Contract Coal	6.36	11.05	.86	13,086
	Spot Coal	6.57	10.41	1.12	12,429
April 1996	Contract Coal	6.05	10.71	.93	12,592
	Spot Coal	5.63	10.33	1.24	12,517
May 1996	Contract Coal	6.34	10.52	.90	12,479
	Spot Coal	6.48	9.35	1.09	12,499
June 1996	Contract Coal	5.70	10.94	.89	12,520
	Spot Coal	6.01	10.21	1.12	12,393
July 1996	Contract Coal	6.26	10.91	.86	12,372
	Spot Coal	5.89	9.99	1.19	12,429
August 1996	Contract Coal	6.25	11.41	.84	12,237
	Spot Coal	6.52	10.91	1.05	12,204
September 1996	Contract Coal	6.02	12.01	.81	12,250
	Spot Coal	6.46	11.12	.98	12,265
October 1996	Contract Coal	5.90	11.73	.82	12,281
	Spot Coal	6.23	11.04	1.09	12,214
November 1996	Contract Coal	6.54	11.18	.82	12,322
	Spot Coal	6.36	10.91	.97	12,265
December 1996	Contract Coal	6.51	10.99	.82	12,311
	Spot Coal	6.46	11.12	.98	12,187